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10 December 1979

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GULF STATES ATTEMPT TO MUTE INTERNAL DISSIDENCE

Paris AN-NAHAR ARAB REPORT & MEMO in English 29 Oct 79 p 2

[Text] Recent sabre-rattling statements by Iranian ayatollahs have persuaded some of the autocratic Arab rulers in the Gulf that they could make their regimes a little more secure by introducing a measure of democracy. Informed sources told this newsletter last week that the rulers of Bahrain and Kuwait were contemplating early moves to give the younger generation and influential families a greater say in the running of state affairs so as to dampen opposition to the royal family.

Kuwait's 50-member National Assembly was dissolved in August 1976 and Bahrain's National Assembly in 1975.

Both Bahrain and Kuwait were recently visited by Iran's Deputy Premier Sadegh Tabatabai, who sought to reassure the Arab governments that statements by Ayatollah Sadegh Rouhani did not reflect government policy. Mr Tabatabai, who is also government spokesman, was accompanied by Syria's Foreign Minister Abdel-Halim Khaddam; Syria, which enjoys close relations with Iran's Islamic authorities, was reported to have offered to mediate between Iran and Arab Gulf states after Ayatollah Rouhani declared that Bahrain was part of Iran and that Arab Gulf rulers would meet the same fate as the Shah unless they learned the lesson of the Islamic revolution.

Despite reassurances that Iran has no territorial designs on them, the Arab Gulf states intend to continue consulting each other until they have worked out detailed plans for closer coordination on security, informed sources said. Soothing words from Tehran nevertheless persuaded the Arab leaders that a summit was unnecessary the sources said, a rupture in diplomatic relations with Tehran was likely.

The sources also said they expected the Baghdad and Tehran governments to continue with efforts to improve relations between them, which have been tense since the Shah's overthrow in February. However, the sources added, Baghdad is insisting on two conditions for a modus vivendi: first, that

Iran's religious leaders refrain from provocative statements designed to stir up religious dissidents in Iraq, and second that Iran abide by the 1975 Algiers agreement signed by the Shah and the man who is now Iraq's President, Saddam Hussein.

Details on the agreement were published in this newsletter's October 8 issue, but as we then stated, the new authorities in Iran do not feel themselves bound by it. Observers nevertheless expect Iran to agree to Iraq's terms, if only to put an end to the bitter tensions along their common border, where Kurdish rebels based in Iraq are striking at towns in Iran. Baghdad is said to be demanding a halt to Iran's interference in its internal affairs as the price for putting a stop to cross-border activities by the Kurds.

CSO: 4820

ALGERIA

BRIEFS

SOVIETS PILOT ALGERIAN MIGS--According to the French secret services [not further identified, probably the SDECE], the MiG-25 aircraft seen flying over Algiers on 1 November on the occasion of the Liberation Day festivities were not piloted by Algerians but by Soviets. The Soviet instructors are said to be having great difficulty training the Algerian crews for these aircraft, delivered almost a year ago. [Text] [Paris LE POINT in French 12 Nov 79 p 63]

CSO: 4400

OFFSHORE BANKING ACTIVITIES CONTINUE IN POPULARITY

Beirut THE ARAB WORLD WEEKLY in English 3 Nov 79 pp 3-6

[Text] Signs of an economic turndown? Rumors of political instability? It vulnerable does not seem to make much difference as far as Bahrain's offshore banking sector is concerned, as in April this year, fiftieth unit was added to the OBU family. Bank Bumiputra of Malaysia. Certainly, by any standards, Bahrain offshore banking sector has been a success, and most experts seem to feel that while the huge profits of the past may not be repeated, it is poised for still further gains.

One of the reason why the offshore banking sector has boomed, no doubt is because of the strict rules and regulations governing its operation. Most important of all, it has been decided that only banks of established international reputation may participate. So far, this rule has been rigidly adhered to, and there are not likely to be any unpleasant surprises concerning either resources or management, as has happened in several instances in other parts of the Gulf. As a result, when any of Bahraint's offshore banking units goes into a project you may be sure it is sound; they could not afford to back a loser for fear of damaging their credibility. As some experts expressed it recently one will only need to worry over Bahrain's OBU's if the Bahrain Monetary Agency (BMA) starts issuing licenses to new banks set up with local or regional capital, fund put together merely for the purpose of entering the market.

One other factor that has ensured the OBU's continuing success is the simple fact that Bahrain is a small place, and what goes on in one part of the island is soon known in every other. There are few major deals that take place in Bahrain about which the BMA is ignorant.

Yet, even the warmest proponents of Bahrain's OBU's would concede that there have been problems. And these are likely to remain, for a number of reasons which are unlikely to change. For one thing Bahrain is vulnerable to all kinds of political pressures, and the recent crop of rumours have not done the local economy much good. Banking can only thrive where there is confidence and news about internal sectarian unrest is hardly conducive to good banking. Bahrain is also vulnerable to the activities of the other

central banks of the region, and of course to the movement of the dollar, and especially to the fact that at least a quarter of the number of currencies the sector deals in are local currencies, the Saudi riyal, the Kuwaiti dinar, the Qatari riyal and the Bahraini dinar, none of which command real respect as international currencies.

Of course all these local currencies are basically sound, but they nonetheless provide considerable headaches to the bankers who deal in them in large quantities.

The supply of these regional currencies is directly linked to the spending of the governments of Saudi Arabia, Kuwait, the United Arab Emirates, Qatar and Bahrain. If these governments fail to spend the dollars that they receive in return for their oil exports at the same rate that the private sectors in these countries is needing local currencies to pay for imports, then there can be a shortage of the currency in question.

To make the point clearer, one might say that the Eurodollar market would never expect to run out of dollars. At the same time it is not at all unlikely, or at least far from being inconceivable, that the Bahrain offshore market might run out of dinars or dirhams or whatever other local currency might be in demand.

According to most reliable reports it was a shortage of currency that was behind "the small storm" that blew up in offshore Bahrain at the end of 1978, and continued into the first months of this year. The trouble evidently started when President Carter put together his package for supporting the dollar on November 1, 1978. This had the effect of strengthening the dollar, and this in turn caused the Gulf oil producers to leave relatively more of their money in dollars, a trend which was reinforced by nervousness in the Gulf states because of the situation in Iran, as well as by the downturn in government spending in the region. This led to some Arab governments not releasing their regional currencies into the local market at a rate matching the demand. Short-term rates therefore rose sharply; and a large supply of Kuwaiti dinars was drawn to Bahrain, much to the annoyance of the Central Bank of Kuwait.

This led to the Kuwaities retaliating by adjusting their definition of the liquid assets of the commercial banks. To put it another way, the Central Bank ruled that all deposits of up to one month were to be regarded in future as liquid, and were to be kept in Kuwait. This, in turn, caused a certain amount of anger in Bahrain, bankers are complaining that the Kuwaities were trying to put them out of business, and Kuwaiti bankers retaliating by saying that the Bahrain's OBU's were making excessive profits at their expense.

Most of the OBU's turn a profit after only twelve months of operation. On the other hand, the more banks that join the offshore sector the lower those profits are likely to be. True, business was better in 1978 than in

1977, but at the time of writing it does appear that the rate of increase is now stabilising. The BIS maintains that the OBU has a balance sheet of some \$450 mn, and this in itself expences are unlikely to be in excess of 1.0 mn dollars, and that it ~~also~~ has a higher of up to another 1.0 mn dollars. Some bankers say that these figures are misleading, and that their expenses are in reality much higher while their profits are less. On the other hand, there is little evidence that any of the OBU managers are especially worried.

The OBU's expenses are direct foreign exchange earnings for Bahrain and in this context, during 1978 the OBU's brought in approximately \$50 mn to the Bahrain treasury.

#### OBUs Produced By Boom Conditions

One thing that should be remembered, however, is that most of the OBUs came into being at a time when there was a boom in the region. The oil producing states of the region were making huge financial surpluses and many of them were engaged in disbursing a large volume of government expenditure, pushing regional currencies into international circulation.

Now however, although one could hardly say that a recession has arrived it is true that most of the countries of the Gulf are moving out of their hefty surpluses and with most of the big infrastructural projects now completed it is likely that we will see a tapering of government spending.

This means that in the near future profits are likely to remain relatively low but at the same time there is no reason to fear that the offshore banking sector is likely to run into difficulties thanks largely to the fact that most of the banks operating in the region are well established with sound international reputations.

According to international banking experts, most bankers operating in Bahrain fear that the BMM system has now reached maturity. They accept that there is now a plateau but see no cause for alarm.

As one businessman recently observed: "banks are saying that for five years we have been racing and now we need to take one or two years easy and spend the time reorganising".

#### BMA: a firm hand on the tiller

Watching over Bahrain's economy is the Bahrain Monetary Agency (BMA) which has only recently assumed the powers of the central bank. Previously BMA had confined itself to the issue and the redemption of currency in succession to the now defunct currency board. Its activities are essential to the planned growth of the island's economy.

At the present time BMA is responsible for the control of the banking system. It conducts an effective monetary policy, managing the foreign reserves of the country and maintaining a stable value for the Bahraini Dinar. It also has a task of developing Bahrain as an international money and financial market. The BMA has encouraged commercial banks to build up its activities by creating stable working conditions through maintaining effective exchange reserves and assisting in liquidity when needed and providing guidelines.

Because the BMA has pursued a relatively cautious policy and has leaned towards a conservative approach in financial methods the agency has managed to provide a stabilising influence in an economy which might otherwise had gone out of hand. As it is Bahrain's banks have been able to play a positive role providing useful services to the community.

During the past five years commercial banks have expended total assets that rose from BD 188.1 million at the end of 1973 to BD 194 million at the end of 1978. During the same period total lending to private residents rose from BD 76.4 million to BD 320.5 million. Of course such expansion would be meaningless unless inflation had been kept within manageable limits and this is what the BMA has succeeded in doing. Operating in co-operation with other government ministries and through various monetary measures to relieve the economy of expansionary pressures felt most forcefully during the period 1976-1977. This was a time which saw rising costs, high profit expectations shortage of labour and goods and services, and consequently a high rate of inflation. The BMA worked together with the government and the banking community to reduce the rate of growth in the money supply and bank lending which reached 65 per cent in 1976. This was done by stabilising government expenditures and diverting banking lending to the more productive economic sectors.

As a result the island experienced balanced growth, the investment opportunities are now evaluated on realistic economic return rather than on quick profits. Consequently the inflation rate which reached 30 per cent a year during the boom has been gradually reduced and monetary experts are hopeful that it will be brought to as low as 5 per cent by the end of this year.

This should help restore the competitiveness of Bahrain as a service center and should encourage investment and the choice of Bahrain as an operating base for a broad spectrum of enterprises.

#### Monitoring Market Conditions

The BMA is constantly aware of the market conditions and monitors them closely in an effort to ensure the stability of the Bahrain Dinar which is the agency's top priority. During the five years of its operation the total assets of the BMA rose from BD 17.0 million in 1973 to BD 201.6 million in 1978.

But the agency has been able to balance its desire to maintain a strong relationship with all major currencies with the need to have a realistic exchange rate, against the background of relative inflation rates and the dollar based oil income. In January this year the BMA announced that the Dinar will be linked to the International Monetary Fund's SDR instead of the US dollar.

As a result the value of the Dinar against the dollar was adjusted upwards three times during the past year by a total of three percent. Perhaps the most important action of the BMA since its inception was to promote the idea of offshore banking. This idea was well received by leading international banks. Many of them established OBUs in Bahrain. The offshore banking sector is regarded as an important step in helping to develop Bahrain as a regional and international financial center which also contributes to the Bahrain economy and renders services to both surplus and deficit Arab countries.

At the present time Arab countries have deposited around \$2 billion in Bahrain and in return received the same amount in the form of lending from the OBU market. This benefits Bahrain both directly and indirectly. In fact OBUs bring in an estimated \$45 million in foreign currencies to cover expenditures on salaries and rents which contributes significantly to the country's balance of payments.

CSO: 4820

**BAHRAIN**

**BRIEFS**

FRENCH ARMS SALES--France is currently intensifying its efforts to sell military equipment to the countries of the Persian Gulf, and Bahrain seems in a fair way to becoming one of France's major clients in that region. During a recent official visit to Paris, Bahrain's minister of defense attended a number of demonstrations of military hardware, in particular armored cars and anti-tank helicopters and declared that his country was looking for just such cooperation, in order to be able to take advantage of the modern technological advances of French industry. Let us recall that the French situation with respect to land equipment sales is particularly delicate; for example, not a single armored car has been sold by France since the end of 1977. [Text] [Paris DEFENSE INTERARMEEES in French Oct 79 p 5] 8117

CSO: 4800

ROLE OF REVOLUTIONARY COUNCIL COMES IN CLEARER FOCUS

Tehran KEYHAN in Persian 13 Nov 79 p 3

/Article: "New Responsibilities for Revolutionary Council Members in the Ministries"/

/Text/ Formation of the Council of the Revolution and determination of the basic outlines of this council's programs in administering the country have to a large extent become clear and thus it is most probable that the final composition of the members of the council, the members' responsibilities and the outlines of the council's programs in the ministries will be known in the next 24 hours.

Yesterday at the end of the Revolutionary Council session, during a discussion among a number of council members, new responsibilities were announced for Ayatollah Dr Beheshti, Ayatollah Musavi Ardabili, Ayatollah Mahdavi Kani, and Hojjatoleslam Hashemi Rafsanjani.

Ayatollah Dr Beheshti has assumed supervision of the Holy War of Construction, Hojjatoleslam Hashemi Rafsanjani has been charged with supervising the Ministry of the Interior, Ayatollah Musavi Ardabili is the guardian of the foundation, and Ayatollah Mahdavi Kani has been elected to supervise the revolutionary committees and to represent the Revolutionary Council in the revolutionary courts and the Army of Guards.

Some members of the council were present during the conversation and the membership of Mo'infar, minister of oil, in the Revolutionary Council was approved in final form.

According to a report by KEYHAN's correspondents, the new guardians of the abovementioned organizations have to some extent proclaimed the varying shades of their programs; this includes Ayatollah Musavi Ardabili, guardian of the Foundation of the Downtrodden, who declared "Town lands and farmed lands belonging to the foundation will be handed over to the people following the necessary investigations. Similarly, the satanic palaces will be turned into museums or places of healthy recreation for young people."

According to KEYHAN's newsmen, the report by the special Kordestan delegation and other national affairs were subject to discussion and exchanges of views at the session of the Revolutionary Council which was held yesterday evening and lasted until 2200 hours.

According to this report, some members of the Revolutionary Council placed information at the disposal of the newsmen at the conclusion of this session, in which all members of the Revolutionary Council and members of the special Kordestan delegation took part.

At the conclusion of yesterday evening's session, referring to the fact that he had been chosen as the Revolutionary Council's representative to the Holy War of Construction, Ayatollah Dr Beheshti stated:

"The people in charge of most sections have been determined. A final decision has not been taken on three other sections, since our effort has been to make a selection so that God willing the succeeding established government will remain."

Dr Beheshti then referred to the point that Mr Banisadr's plan regarding the American embassy had been presented to the council and ratified and would be officially approved tomorrow by the Ministry of Foreign Affairs. Regarding the special Kordestan delegation's report, he said:

"This report was extremely good and the special Kordestan delegation's report took most of the council's time. This report gives room for hope, and we hope that we will be able to solve the problem of our beloved Kordestan and our Kurdish brothers in a good manner."

Referring to the fact that Mr. Hashemi Rafsanjani had been appointed the Revolutionary Council's representative to the Ministry of the Interior and the guardian of that ministry, Ayatollah Beheshti discussed the composition of the Revolutionary Council:

"The council has no head and I am functioning as the council secretary." He added, "The new responsible officials have begun their jobs and I myself, as the person in charge of the holy war of construction, had a meeting today with members of the holy war and began my work. The other friends have also started their job."

Mo'infar, Member of the Council and Oil Minister

Dr Beheshti added, "I have had considerable interest in the revolutionary foundation from the very start and therefore wanted to be in contact with this young, searching, dynamic creative generation. Since I was in touch with their activities, and the young people were in contact with me, beforehand throughout this period, I also agreed to take the responsibility for them so that we could travel along this road together."

Referring to the fact that Mr Mo'infar would function as member of the council and as oil minister, Dr Beheshti discussed the question whether there was a broad difference of opinion within the council:

"Give the word to our people and outside Iran that fortunately no such situation exists and that /open discussion/ is only out of the desire to have an adequate discussion regarding every selection. If responsibility for the current activities were not our responsibility as well, the selection of responsible persons would have taken place in 2 days. Therefore we did not have enough time.

"We have nearly completed our job; the essential responsibilities have been determined, and everyone has begun his job. The jobs are being performed. Decisionmaking is taking place. According to the arrangement we have made, the nation's general affairs are being brought up in the council every day, decisions are being made on them, and these are quickly being conveyed for implementation."

Hojjatoleslam Mahdavi Kani

At the conclusion of this session, he said:

"Today the issues of Kordestan and appointment of new ministers were made the subjects of discussion and exchanges of views. The special delegation's report was interesting."

At the conclusion of yesterday's session, referring to the fact that Iran's complaint to the Security Council was ratified by the council today, Sadeq Qotbzadeh discussed the matter that revolt has resumed in Kordestan following the return of the special Kordestan delegation and the nature of its relationship to these talks:

"The counterrevolutionary forces, which are basically not Kurdish, are not letting up, and this is something we know. They want to sabotage every type of negotiation and we are therefore waiting for this type of incident. The important aspect of the case is that the overall problems with our Kurdish brothers should be solved. Our Kurdish brothers will themselves settle accounts with them."

Ayatollah Musavi Ardabili also described the progress of the council's agenda as good, referred to the fact that he had been selected as the council's representative to the Foundation for the Downtrodden, and stated, with respect to his own programs in the Foundation for the Downtrodden:

"I have been going to the council for 2 days now. I have invited friends to go there so that we can have a new organizational structure. I would prefer that this foundation be administered in council form." He added,

"What occurred to me in this foundation are firstly the issues of the municipal lands here. I have said that people should identify these lands and apportion those which have no legal problems among the people as soon as possible.

"Others are the agricultural lands. I have said that people should identify these at once and break them up for apportionment among farmers. Of course a group is to be appointed in a manner which in our view is very useful and fundamental and is also in conformity with legal criteria.

"Newspaper , magazines and on occasion artistic activities will be administered under this group's supervision and of course I have stated the basic plan for this."

With regard to whether the Foundation for the Downtrodden had a program for reducing the staffs of the newspapers attached to this foundation, Ayatollah Musavi Ardabili said,

"Of course after this group is formed it will be within this group's powers to investigate and it seems to me that as long as they can, and there is work, use must be made of these people since it is not proper for people to dismiss an effective member who is used in one place, on grounds of purification, unless he be an element, or elements, which are of no use in that job or are not working in a useful manner."

Ayatollah Musavi Ardabili added, "Regarding the palaces, I have said that an investigation should be made and we will try to turn them into places where the masses of the people can benefit from them and which can be at the disposal of the masses of the people, be they libraries, museums or places for healthy recreation for young people."

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CSO: 4906

## OIL MINISTER INSTRUCTS WORKERS TO BE VIGILANT

Tehran KEYHAN in Persian 11 Oct 79 p 13

[Text] Ahvaz--KEYHAN correspondent--At an assembly of oil workers in Ahvaz, Oil Minister Engineer Moinfar urged the oil employees, especially the oil workers, to help promote the goals of the glorious revolution under the guidance of concept and teaching of Islam in the same manner they had helped in bringing to its knees the devil of dictatorship through their continuous strikes. He said the most important thing to do now was to choose the direction needed by the revolution and the future of the nation.

In his speech in the assembly hall of the oil industry employees, emphasizing the importance attached to the oil industry by the government of the Islamic revolution of Iran and saying that there was no more room for the old system which he said resembled more like a branch of the royal court, Moinfar continued: "We all observed how that system was reversed and overturned in accordance to the wishes of our nation as was the case of our other industries in the country.

The oil minister went on to point out some of the existing problems of the oil industry emphasizing the fact that certain problems could not be solved overnight. He further said: "Some of our problems are inherited from the past and under the present circumstances, and in view of the immediate urgencies, all could not be solved at once. It will take years to overcome our problems and to satisfy all the society's needs and demands. A major profound transformation and a cultural revolution is needed to change the fabric of the society and to achieve a cultural revolution all and everything must undergo a change--changes in the mode of life, in dealing with friends, and in the habits and patterns of consumption--which, no doubt, are not easily achieved. On the surface, it sometimes looks as if their indifference and lack of attention in some areas gives the impression that there were no differences between the post and prerevolutionary times. Here, by choosing the proper direction and in view of the fact that we have an alert public, guided by the principles and teachings of Islam, we realize that should there be any negligence and mistakes, they could be overcome by using these mechanisms and teachings. Therefore, a nation that was able to destroy and overthrow the corrupt monarchical system by its

glorious revolution need not despair and fear facing problems. The government is the government of Islamic justice, and Islam is the protector of the nation."

In another part of his speech, referring to the imperialistic plots aimed at damaging the Islamic revolution, the oil minister said: "It is a fact that imperialism and its agents will not stand still. It will try to create problems and impose various plots and disruptions on our people. Yet, it must be remembered that these will only make us more determined in achieving our goals. The enemy is in the waiting and the achieving of our revolutionary goals are not an easy task."

Emphasizing that it was necessary to combine realism and farsightedness, the oil minister went on to say: "We must pay for whatever we buy. Nothing is free. The Iranian people now must pay for the blood shed by its martyrs. Some of our existing problems are the products of our revolution and there are many who welcome them. A number of our people are toiling in villages and some are serving the people freely and have sacrificed everything they had. Our revolutionary guards are giving their lives for the revolution. These are the fruits of our revolution and yet there are people who try to identify our people's desires and goals as those of economics and materialistic. They try to smear our revolution by claiming that what our people are demanding are material things. The strike by you, the oil workers, is being interpreted as a materialistic demand. So are strikes by others. But we have come to know that you, the people of Iran, have shown that what you were demanding was, freedom, independence, dignity and respect. You all learned after the revolution that there were plots in various corners of the country and some people were able to take advantage of the dissatisfactions that were the products of the past some of which still exist. We found out that in different parts of the country there were elements who were trying to capitalize on welfare and economic demands being made by some naive but well meaning individuals. Plotters have sometimes been able to persuade these people into following their way of thinking and ideology. Our Islamic revolution possesses such a quality enabling these people to realize their mistakes and, in the light of our revolution, become aware of their cultural heritage which had been so grossly misrepresented for so many years. Our sacred Islamic teachings had lost their real meaning. It was revived and bloomed once again through our revolution enabling the nation to reconcile with their past--a reconciliation that is still continuing. I am confident that with changes taken place there are many people in our nation that are not troubled by our problems and will not be dispaired. They know their path is that of God and are dealing with Him and are not worried about the future of the nation." With respect to problems, high prices, the obstacles created for the revolution by the agent of imperialism--obstacles for our trade and industries and the securing of spare parts, the lack of which had resulted in shortages--the oil minister said: "These will not result in the alienation of our people from our revolution. We are realistic enough to know that receiving a valued prize requires bearing of hardship (paying the

price). Let us review revolutions in other countries. Where have the conditions returned to normal in a short period of time? Returning to normal following a great revolution is simply a miracle. Hardships must be born. Don't refrain from speaking up and say what is on your mind but at the same time bear the revolution in your mind. The fact that our worker friends have asserted that they stand ready to defend our revolution with their hands and teeth is very gratifying."

"You are the guardians of the revolution's life blood, protecting a major part of our oil industry in the south. Continue protecting this vital artery and don't ever lose your revolutionary spirit. Your present thinking and mentality is in contrast with that of the past. What you have now is a right-seeking mentality." At the conclusion, Moinfar made references to the writing of Constitution, the democratic administration of the Islamic republic and the importance of the councils (of the revolution) which he said play the role of the arms (of the government). He once again called on the oil workers to do their utmost in making the great wheels of the oil industry turning.

At the meeting the oil workers aired their demands and discussed their various problems. They asked the oil minister to act swiftly in purging the oil industry and putting an end to the slowdown and inefficiency in the industry.

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CSO: 4906

## JAPANESE DISCUSS RESUMPTION OF PETROCHEMICAL PLANT OPERATION

Tehran BAMDAD in Persian 15 Oct 79 p 16

[Text] Japanese Minister of International Trade and Industries, Masumi Esaki, who is in ... at the head of an 11-man mission, held a press conference yesterday ... ended by both local and foreign newsmen during which he described the purpose of his visit and the talks he had had with Iranian officials.

The Japanese trade minister noted that his mission was in Iran to convey to the government of Iran his government's decision regarding the resumption of work on the giant petrochemical project at Bandar Khoneyni (formerly Bandar Shahpur). This followed decision by the Japanese Government on 12 October to support the resumed operation. Discussions were held in Tehran and Prime Minister Bazargan expressed satisfaction that the operation was going to be resumed.

Esaki further recalled that the petrochemical project at Bandar Khoneyni had stopped operating during the Iranian revolution and that, with the Iranian government's consent, operation will resume 11 November, and some 300 engineers and technicians will soon arrive from Japan to help.

He pointed out that at the start 1,000 and later 3,000 Iranians, including workers, engineers and office workers, will be put to work at the plant. He said that in order to enable Iranians to run the plant in the future they will be trained by experts.

Regarding his oil talks with Iranian authorities, the Japanese minister revealed that he had discussed the question of increased exports with Mr Bazargan and Oil Minister Moinfar and that the prime minister had reacted favorably. He noted that prior to revolution in Iran his country purchased 800,000 barrels of oil daily from Iran which had been reduced to 490,000 barrels a day after the revolution with the latter figure declining 8 percent later on bringing the present rate of export of Iranian oil to Japan to 460,000 barrels a day. He said that with promises made this will now be increased by 30 percent.

The Japanese trade minister added that Japan had already expressed its willingness and was ready for the transfer of the technological know-how

required for the economic development of Iran. He further said that in view of the long traditional ties between Japan and Iran cooperation between the two countries in cultural and technical fields was needed to be expanded for which Japan had already expressed its willingness.

It should be noted that in separate meetings held between Esaki and Minister of Commerce Reza Sadr the question of securing the raw material needed by the various industries in Iran and of providing goods for Japan were discussed. The Japanese trade minister gave assurances that efforts would be made to take care of the Iranian needs and that it will be given priority.

In addition, discussions were also held about providing facilities for Iranian importers and it was agreed that they will extend the needed facilities they enjoyed in Japan prior to the Iranian revolution. Agreements were also reached on the expansion of the Bank Melli [Central Bank] branches in Tokyo and Osaka and about the participation of the Arya National Shipping Co in the transportation of Japanese-made goods to Iran and cooperation in the expanding of purchases made in Iran by Japan.

During his visit, in addition to his meetings with Prime Minister Bazargan, the Japanese trade minister also met with Oil Minister Moinfar, Minister of State and Planning and Budget Organization Chief Sahabi, Commerce Minister Reza Sadr and with minister of Housing and City Planning Engineer Katirai.

He is scheduled to leave Tehran for his country today.

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SOLUTION TO SETTLEMENT PROBLEM DELAYED

Division on Court Ruling

Jerusalem HAMODI'A in Hebrew 29 Oct 79 p 2

/Editorial: "Government Seen Divided Over Court Ruling on Evacuation of Elon-Moreh" /

/Text/ The government was saved from an immediate crisis when Prime Minister Begin announced that following the ruling of the Supreme Court in the case of Elon-Moreh efforts were under way to relocate the settlers elsewhere in Samaria. The meaning of this announcement is that there is no longer any doubt that the government will carry out the verdict to the letter. But on the other hand it will also try to compromise with the settlers so as to find a substitute site beyond the green line.

This does not mean that the danger of a crisis is no longer there. Before the meeting of 28 October the government was on the verge of handing its resignation to the president. The anger, it seems, is still there, since the real discussion was to be held on 1 November in a special coalition meeting which was expected to reveal extreme, totally opposed points of view. Agriculture Minister Ari'el Sharon announced even before the government meeting of 28 October that if a resolution favoring mass settlement is not adopted in reaction to the Supreme Court's ruling, he would find himself outside the government, since he would not be able to continue as minister. It is most likely that in this case NRP ministers will also not be able to stand still since their credibility on their commitment to the cause is on the line.

At the same time it is difficult to believe that the majority in the government will give in to the demands of Minister Sharon and the NRP ministers, or even to some of them. The defense minister opposes any attempt to bypass the Court's ruling such as a proposal to establish a military outpost on the site that the Court ordered evacuated. Mr Weizman stuck to his position which he voiced while the hearings were still going on, that with all the strategic importance of the site, there is no need to point it out by the existence of a settlement or even a military outpost there.

The defense minister is supported by the Liberal ministers, as well as the Democratic ministers and some of Herut's ministers. Prime Minister Begin, in spite of his ideological position in favor of settlements in Judea and Samaria, is aware of all the political constraints and limitation. He stands face to face with the growing political isolation and knows where things may be headed if the government adopts the basic premise of Gush Emunim. That may encircle it in indescribable political difficulties.

Mr Begin is afraid, justifiably so, that all the political work of this government up to this point, which climaxed in the signing of the treaty with Egypt, may be in vain. The government which started us on the road to peace may end its term in quite the opposite direction. Therefore he is struggling with the issue, and that is why he has hinted via his close advisers, that in case of bitter confrontation, he is considering tendering his resignation to the president, which will almost certainly lead to new elections.

In this context it was also reported that Mr Begin tried to hint to Gush Emunim that their attempt to achieve a fait accompli will end up quite differently. Early elections will bring back the Alinement, and under the a-linement Gush Emunim will accomplish nothing. That will bring an end to all their plans and wishes.

This is not an idle threat, but a practical, realistic analysis. A resolution of the sort that Gush Emunim and its supporters would like to see passed is out of the question, because it will endanger, as mentioned above, the peace treaty. If Mr Begin is to foil this attempt he has no choice but to submit his resignation to the president, which will bring about the return of the Alinement to power. A government of the Alinement will, of course, vehemently oppose the adventurism of Gush Emunim, to which it will have no commitment.

#### Settlement Seen As Political

Jerusalem HAMODI'A in Hebrew 1 Nov 79 p 2

/Editorial: "Issue of Settlement Is a Political, Not Legal One"

/Text The government was to convene on 1 November to discuss the implications of the Court ruling on Elon-Moreh. Various "sides" have demonstrated in favor of their position prior to this meeting, in which, according to one minister, "the great battle" will be fought. It seems that the ministers will form two groups, one, headed by Agriculture Minister Ari'el Sharon, and the other headed by Defense Minister Ezer Weizman.

Minister Sharon, who expresses the opinion of the ministers with the extreme positions, said that the situation that was caused by the Court's ruling should prompt the government to devise a mass settlement plan with a budget of IL2.5 billion for the near future. Minister Weizman has an opposite approach and he opposes any attempt to circumvent the Court's ruling so as not

to evacuate the settlement, even with the formula of converting it to a military outpost.

Many, including the president of the Lawyers' Association, have warned the government to not dilute the ruling. Others, like him, have not ceased to talk about "the danger to law in this country," while totally rejecting the idea of retroactive legislation, claiming that it will shatter law and order.

Stressing law and order ignores, or shifts attention away from, the real crux of the matter, which is political, not legal. The question on the agenda is what the government should do and how it ought to maneuver between heavy pressures exerted on it to start mass settlement, pressures whose covert threat is the very existence of the coalition, pressures that some ministers are part to, and political pressures from the outside, when it is obvious to all that under present conditions, if the government decides on more settlements in Judea and Samaria it could cause the collapse of the peace treaty and many result in total isolation in the international arena.

All those who stress the point of respect to the Court are remiss when it comes to this important issue, especially when it is rather doubtful that they are sincere in their demand to respect the law. Those circles are not only coming out with this demand now, following a long string of trampling law and order, but are actually preaching it now, when it so suits them. Why should they expect now that their outcry will be accepted with any amount of credibility?

The government faces a serious political dilemma on the issue of Elon-Moreh and the plans of Minister Sharon, who is supported mostly by the NRP ministers. The issue of respect for the Supreme Court and its resolutions is secondary. There are sufficient causes and areas where respect for the law can be exhibited. Those who did not care when numerous physicians broke the law forbidding abortions, before the present law went into effect, those who do not care about the intolerable breaking of the law regarding the holiness of the Sabbath, cannot now convince anyone of their seriousness when they protest the "danger" now facing the very law.

The issue, as was mentioned, is purely political. The government, a good part of which considers itself in sympathy with the yearnings of Gush Emunim, has understood, from the very beginning, that these plans, vital as they may be to the cause, cannot be realized without serious international complications. Therefore it always preferred finding indirect ways and means to camouflage the establishment of new settlements. It now turns out that the way Elon-Moreh was established did not stand the legal challenge, and the government cannot now, mostly because of political considerations, ignore the verdict and not obey the Court ruling.

The government therefore has no choice but to adopt one resolution, namely, to evacuate Elon-Moreh. Not because of fear of collapse of law and order,

which are rather shaky as is, but because of a purely political reason. Minister Sharon and his supporters should understand that the alternative now is not mass settlement but the fall of the government and the foiling of any plan, even a minimal one, for settlement in Judea and Samaria.

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CSO: 4805

PARTY DISSENSION FOLLOWS DAYAN'S RESIGNATION

Jerusalem HAMODI'A in Hebrew 28 Oct 79 p 2

/Editorial: "Squabbling Over Foreign Minister's Position" /

[Text] The sign of relief heard in coalitionary circles following the foreign minister's resignation has turned to fears of an imminent crisis. It turns out that those who thought that some minor changes would solve the appointment problems were very wrong. The stalling of a few days gave the various parties a chance to reexamine their positions and come up with new demands. Thus the job of appointing a new foreign minister and then filling a few more positions now seems more complex than before.

The feeling of relief when Minister Dayan resigned stemmed from the fact that up to then things seemed very complicated because of fights within the Liberal Party and its demand to replace the finance minister and appoint him to some other position, while appointing a new finance minister. The resignation of the foreign minister seemed to pave the way for just that, because of the possibility to appoint Ehrlich deputy prime minister, and Professor Yadin foreign minister. It then became obvious that the coalitionary partners are not willing to give up the opportunity to correct distortions of the disproportionate representation of the Democratic Party in the government. It is well known that this party enjoys the position of tipping the scale and that without it the coalition lacks majority. When it joined the government there was a majority without it, but it had 15 members of Knesset and therefore it was accorded four portfolios. Since then the Democratic Party has split and the faction that remained in the government only has seven members of Knesset, of whom one is not happy with being a coalition member. Other things have also happened, and the coalition has shrunk because of some resignations from Likud. The Democrats have a small Knesset delegation, but its weight, from the point of view of how much the coalition needs it, is high.

The Democrats are now offered one of the most important positions in the government, that of foreign minister. But Professor Yadin is hesitant, either because he is afraid he may not be able to always represent the government's policy, especially on issues related to settlements, or because he does not want to show too much eagerness, so as not to weaken his party's bargaining position and to be able to hold on to three portfolios.

It is obvious that the disproportionate number of ministers that the Democrats have tips the scale of the government. The customary gauge is four members of Knesset per one minister, whereas the Democrats have a minister almost for every member of Knesset, so much so that even two Democratic ministers carry more weight than the whole party's Knesset representation. Prime Minister Begin has up to now rejected any demand, especially from the NRP, to force the Democrats to vacate one seat. His refusal resulted from the realization that the Democrats may decide to leave the government altogether, thus leaving it without a majority and forcing it to resign.

It seems, though, that now, following the resignation of the foreign minister and the crises within some of the coalition parties, that the prime minister ought to reopen the whole issue and consider reshuffling the whole government. The complaints of the Liberals can well be understood, because if the Finance Ministry is taken from it, it will be in an inferior position compared with the other members. One can also accept the NRP's claim that it cannot reconcile itself to the fact that with 12 members of Knesset it has the same number of ministers as the Democrats, with less than half as many Knesset members. At the same time this may be the last chance to form a government not by party or factional considerations, but also according to some functional ones. All these cannot be accomplished with just more patchwork.

Therefore it would be best if the prime minister were to announce that everything is open and that there are no "vested rights." Then he may be able to form the government all over again. He will then be in a position to take into account the proportional weight, i.e., each coalition party should be represented in the government according to its proportional representation in the Knesset. He will also be able to consider function, in other words, match people to jobs where their chances of success are best.

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**EDITORIAL LOOKS AT REASONS BEHIND DAYAN'S RESIGNATION**

Tel Aviv HAZOFEH in Hebrew 22 Oct 79 p 2

[Editorial: "Real Reasons Behind Dayan's Resignation"]

[Text] The reasons that Foreign Minister Moshe Dayan cited in his letter of resignation to the prime minister do not sound sincere. There were some other considerations behind his resignation and they should be understood.

Moshe Dayan was appointed foreign minister with no party behind him. His appointment caused some difficulties for the prime minister since the public, and especially the parents of fallen soldiers of the Yom Kippur War, has not stopped to protest that Dayan was the main culprit in the scandal of the war, regardless of the fact that the Agranat committee did not accuse him, claiming that it did not deal with political figures responsible to the Knesset.

Mr Dayan was appointed not in order to carry out a foreign policy of his own, but that of the government. It can be assumed that he knew what the makeup of the government was, and what its policies might be at a later date when the future of Judea and Samaria was on the agenda. Dayan's claim that when issues of autonomy were taken away from him he was left with only minor responsibilities, is also unacceptable because the prime minister offered him the position of chairman of the autonomy committee, which he turned down. Moreover, he cooperated with this committee and even participated in some of its meetings.

Dayan's resignation, with the reasons he cited, has caused international repercussions. The first one has already been heard from Cairo. They show that Dayan's reasons are not justified. It seems that the reason he gave regarding the autonomy issues that had been taken away from him was but a smoke screen. It can be assumed that relationships between him and the prime minister deteriorated and that some disagreements surfaced following Dayan's meetings with PLO supporters in the territories, meetings which he had held without the knowledge of the prime minister, and his dramatic declarations of changes of policy toward the United States which he had made without coordination with the prime minister and without the latter's prior knowledge. Even his farewell greetings and his declaration

regarding the need to turn the military administration over to civilians is not according to the government's line.

Dayan declared about 1 months ago that the government is like a corpse. It could be sensed then that he was about to leave and in order to justify his leaving the corpse that he had helped form he brought forth irrelevant reasons. The real reason for his resignation is the loss of confidence of the prime minister which followed political maneuvers opposing Begin's line.

It was a mistake, to begin with, to appoint Dayan foreign minister, since his instability on political matters and the frequent changes of policy that he is prone to are well known.

Blaming autonomy issues for his resignation could damage Israel's political position and the negotiations that are now in a very delicate stage. Maybe Dayan hoped that the negotiations would come to a stalemate and then he could come in and save them. But since this did not happen he aims his arrows in this direction.

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COALITION AGREEMENT TESTED, AGUDAT ISRAEL'S SUPPORT QUESTIONED

Jerusalem HAMODI'A in Hebrew 24 Oct 79 p 2

[Editorial: "Agudat Israel's Conditions for Supporting Government Reorganization"]

[Text] The winter session of the Knesset opens under a shadow of tension and crises within the coalition, when, in addition to the regular problems that have been plaguing the government for months, there now are problems related to the resignation of Foreign Minister Moshe Dayan and the ruling of the supreme court demanding the evacuation of Elon Moreh within 30 days.

Mr Dayan's resignation increases the pressure on the government to quickly solve the coalitionary complications and find a solution to the reorganization of positions within it. It is only natural that the possibility of such changes has prompted some coalition members, or faction within Likud, to present new demands or take the opportunity and correct some situations which they deem as inequities and which have been there since the establishment of the coalition.

Thus Herut thinks that the time has come for it to be "compensated" for the portfolio that was taken away from it and given to Moshe Dayan. The Liberal faction acts as per the resolution of its central committee and demands the reorganization of the whole government. As part of this, the Liberals would like to reshuffle positions and make some other changes, especially in the area of responsibility for economic areas. At the same time the government is also threatened by a crisis from the LA'AM faction if, in case of reorganization, Member of Knesset Yig'al Hurvitz, who would very much like to become finance minister, is not awarded this position, if indeed Minister Ehrlich vacates it.

The NRP is also trying to attain some advantages as a result of all these complications. It knows that this is a chance to push for more positions, in return for its agreement to changes in the government. It would like the Foreign Ministry or a deputy minister in one or another ministry.

Agudat Israel, who does not want power or positions, should now press for implementation of all the promises made in the coalitionary agreement. True, even without recent problems it planned on a campaign to carry out those items that have not yet been implemented, especially the one related to abortions, but it seems that now is a more appropriate time to achieve all of these, or at least the major items.

It should be regretted that the NRP, as a religious party, has concentrated all its demands on representation and more advantageous positions, although the coalitionary agreement mandates it, too. There is no doubt that if it joined Agudat Israel and pushed together with it, it would make it easier to achieve the justified agreed upon demands.

This should in no way diminish the activity of Agudat Israel. The problem, as is well known, is not the reluctance of the government or the coalition. The prime minister promised Agudat Israel a number of times that he would do all that is within his power to implement the promises. The problem is with some coalition members, especially in the Liberal faction, who claim that their conscience does not permit them to vote for the amendment in the abortion act. It has already been said that the breach of an agreement and not implementing a written and signed commitment, is even more an issue for the conscience than the vote for the amendment of an act that for some reason is in conflict with their outlook. It is difficult to understand what kind of an outlook mandates them to keep on the books an unjust law that permits the murder of unborn children, with no discretion but only following a demand stemming from so called "social reasons."

Today's coalition is already not too big and it needs the votes of Agudat Israel's members. This is particularly true for when the government decides on reorganization and the Knesset's approval thereof. The coalition party and all of Likud's factions have to understand that the support of Agudat Israel is not given under any condition and for whatever price. If they want to strengthen the government and make it functional again, they have to take Agudat Israel's demands into account. These demands are far from material demands, or claims to power and positions. They are all based on a traditional Jewish outlook.

In a Knesset vote on 23 October, when the coalition won a vote of confidence, Agudat Israel supported it. It did so because it believes the promises of the prime minister that he will find a proper way to carry out promises that are part of the coalitionary agreement and also because it appreciates the positive attitude of the government to religious needs and to the legitimate existence of the religious community.

This is sometimes shown from the negative side also, when this attitude of the government gets unrestrained criticism from the opposition which is upset with corrections of injustices that were committed against the religious community over the years. It is typical that a debate on a proposal of a secular party is now expected. That proposal is to debate the recent

allotments to religious schools and other institutions, while blatantly ignoring the fact that billions of pounds are budgeted for all kinds of secular educational and cultural projects. They are only willing to vent their anger on the religious community. Thus they not only justify what they did in the past, when they were in power, but are attacking the present government which has done something to right injustices and wrongs.

It is clear, though, that the important achievements to date, and the righting of some wrongs that have been committed against the religious community, are not enough to ensure the continued participation of Agudat Israel in the coalition. The unequivocal demand is that all promises made when the coalition was formed be kept.

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LAW PERMITTING ABORTIONS FOR 'SOCIAL' REASONS CONDEMNED

Jerusalem HAMODI'A in Hebrew 31 Oct 79 p 2

/Editorial: "The Section Permitting Abortions for Social Reasons Should Be Repealed"<sup>7</sup>

/Text<sup>7</sup> Health Minister Eli'ezer Shostaq is to propose to the Knesset an amendment to the abortion law and the removal of section 5 thereof. That section, which allows the termination of a pregnancy when the reason is "the difficult family or social environment of the mother."

The amendment is a result of the coalitionary agreement between Likud and Adudat Israel when the present government was formed, and it is a condition of Agudat Israel to continue its participation in the government. Regrettably, there have been a number of delays in presenting the amendment for debate and a vote, and it is intolerable that 2 years after signing the agreement this should not be done forthwith.

The unequivocal announcement of Agudat Israel in the Knesset that the issue has to be brought for the Knesset's approval at the beginning of the winter session has brought about this action by the health minister, and thus the first debate on the amendment will be initiated. Surprisingly the Knesset chairman listened to some extreme leftist members who are now in the United States who protested that the amendment is brought to a vote "without prior announcement" and he therefore decided to not call the vote right away.

It can be assumed that in the course of the debate the antireligious members will jump at the opportunity to attack the government because of presenting the amendment and will object to returning to the former situation, while defending that horrifying disregard to life that stems from this cruel section of this law. There are many unjust laws in Israel, not to mention the mere fact that a Jewish state has a secular legal system, and not that legal system which applies to the whole Jewish people. But there has never been a more shocking, disconcerting law, because it allows the murder of unborn children, threatens the future of the people and reduces its numbers.

The section, as quoted, allows performing abortions "because of a difficult family or social environment of the mother." There has never been such far-reaching license, because this actually permits abortions in any case. Any woman who falls for the permissive atmosphere can decide, just like that, to murder her fetus, and according to the law this is not only permissible, but she should be aided in performing this crime.

It should be pointed out that this law, including that infamous section, was enacted rather hastily, when the secular majority rushed like "thieves at night" to vote for it, while taking advantage of the temporary absence of most of those opposed to the law. This act, especially section 5, is in total opposition to the principle of maintaining the status quo on religious issues, also part of the coalitionary agreement.

Since the establishment of the state and up to the enactment of this law in the waning days of the last Knesset, there was a law that forbade abortion except in cases where the mother's life was in danger. In all other cases abortion was a criminal offense. Regrettably the authorities ignored what was happening, and since the establishment of the state hundreds of thousands of such murders were performed and not one physician was prosecuted. But rather than implementing the law the secular majority turned the other way. It repealed the law and created a situation of horrible license when even the theoretical threat of the law is no longer there.

Strangely, a group that calls itself "social," issued a call to members of Knesset on 27 October to "not support this antisocial step." Is the prevention of murder of babies an anti-social act, or is it precisely an act that may improve social conditions in this country, a country with a distorted society that deteriorated so badly to corruption and loss of any human dignity. Who appointed this group to say whatever it said? Is that its concern with the social aspect of this country? Would it not be better if they concentrated their efforts on helping large families, rather than proposing a criminal act to cut back on family size by murdering some of the future family members? The association upon hearing this is so horrible, it cannot be put down on paper.

The proposal of the health minister to the Knesset does not mean that the resolution will indeed be passed. In order to repeal section 5 there is a need for a majority in the Knesset. Although the coalitionary agreement mandates it, and although efforts have been made to ensure a majority, there are still some fears that some coalition members will try to avoid the responsibility of abiding by an agreement and keeping a promise. To wit, Member of Knesset Sara Doron, of the Liberal Party, who maintains that agreements have to be followed but when it comes to an agreement vs. "conscience," conscience wins. This is difficult to comprehend. Is conscience only on the side of maintaining a law that permits murder of babies before they are born? Is there no conscience on the other side, to keep the life of an innocent fetus who is about to be murdered? And is there no point to abiding by signed agreements and promises?

The members of Knesset who are to debate the amendment, even those who up to now oppose it, had better rise above themselves on this issue, which is not related to "forcing religion" or to the desire for power on the part of the religious parties, but stems from the very meaning and essence of a responsible approach which is seriously worried about our existence as a nation. The legalization of murder of babies is so horrible because of the murder itself and because of the horrible implication of creating an atmosphere where everything is allowed, including murder. This may bring about unforeseeable results in the near future, inasmuch as the younger generation may not be able to discern immoral atrocities.

The repeal of the law will not only avoid one more coalitionary crisis, but it is an amendment for the good of the whole nation. This, and only this, is why Agudat Israel is so concerned and puts so much emphasis on this vote.

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**THREAT OF EL-AL STRIKE**

Tel Aviv HAZOFEH in Hebrew 22 Oct 79 p 2

(Editorial: "The Threat Posed by an El-Al Strike")

[Text] When the strike at National Bank, a strike that paralyzed the economy, was over El-Al's workers started to threaten with a strike of their own. This strike will disrupt all ties of this country with the outside world.

El-Al's employees caused the company to become the "chronic patient" of this country. Strikes there served as a pattern to other industries. There are always new strikes threatened.

The government dealt with the issue on 21 October and appointed a ministerial committee to join the negotiations. The government has threatened, a number of times, that if the strikes continue it would close up the company. But all the threats remained just that.

Regrettably it is the highest paid workers who strike. The government has to do something about public companies of the kind of El-Al to serve as an example. Affairs at El-Al have reached an unheard of level of strikes.

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NEW OIL REFINERY INAUGURATED

Valetta THE JAMAHIRIYA MAIL in English 6 Oct 79 p 12

(Text)

● THE leader of the First of September revolution, Colonel Muammar Gathafi, has laid down the foundation stone for the oil refinery and petrochemical plant in Ras Lanouf.

A popular celebration was held on this occasion attended by the Secretaries of Oil and Heavy Industry, Secretaries of the General People's Committees for Municipalities, Sports and Social Security and several secretaries of the people's congresses and committees in the area.

As he arrived to the site, Colonel Gathafi was received by huge masses shouting for the long life of the First of September revolution and its leader and expressing their commitment to achieve the targets of the revolution and its humanitarian dicta.

After Colonel Gathafi laid the foundation stone for this great project, he made an inspection tour in the industrial zone in Ras Lanouf.

Ras Lanouf complex will be completed in three stages. The first is the oil refinery which will start production in

1981 of 220,000 barrels daily capacity.

The second stage is still under offer and aims at producing several grades of fuel. The production is consisted of the following:

- ◆ Benzine and liquid gas unit.
- ◆ Distillation by low pressure unit.
- ◆ Carbonisation unit.
- ◆ Breaking down unit by hydrogen catalyst. The industrial complex includes the following facilities:
- ◆ Power Station of 170 mega watts.
- ◆ Desalination plant of 20,000 tons daily capacity.
- ◆ Steam unit of 1360 tons per hour.
- ◆ Harbour for loading and unloading the products.
- ◆ Modern housing estate for 40,000 people.
- ◆ Vocational training centre.

The leader of the great 1st of September revolution, also laid the foundation stone for the new town of Al Wint which includes 20,000 housing units. The ceremony was attended by huge crowds of locals.

CSO: 4820

LIBYA

BRIEFS

SEWAGE PLANT CONTRACT--The treatment of sewage in the Libyan city of Derna is to be improved under a contract worth more than £1 million awarded by the National Company for the Construction and Maintenance of Municipal Works in Libya. The state body signed the contract with a British firm, William E. Farrer Ltd, which will supply treatment plant under a scheme to modernise existing systems and equip a new works in the rapidly-expanding city. Equipment for the second stage of development at the Derna works includes mechanical services, screens, pumps, incinerator, grit removal, oil and grease separation plant, aeration equipment and ancillary pipework and parts. Delivery scheduled to commence by the middle of 1980 and will be completed by the end of the year. A further contract is currently being negotiated by the British company for the erection of the plant, and an additional, two-year contract for running it is also under consideration. Farrer, a member of the Moss Engineering Group, was successful earlier this year in obtaining a contract for the Municipality of Shahat in Libya. [Text] [Valletta THE JAMAHIRIYA MAIL in English 20 Oct 79 p 12]

CSO: 4820

FOREIGN WORKERS POSE GRAVE PROBLEM FOR AREA GOVERNMENTS

Paris MAGHREB-MACHREK in French Jul-Aug-Sep 79 pp 55-60

[Article by Nicolas Hemay: "Immigration on the Arabian Peninsula"]

[Text] The accumulation of petroleum revenue in the countries of the Persian Gulf, and the desire of these states to achieve maximum economic development as quickly as possible, have in recent years led to substantial changes in their economic, political and social structures--changes which are further emphasized by the presence of an immigrant population whose impact continues steadily to grow. This immigration--which will henceforth be essential to the development of these countries--is still poorly controlled. It carries within itself, however, the potentiality for disequilibrium and is therefore a source of anxiety to the top leadership of the concerned countries.

The present study proposes first to point out the origins and character of this immigration; second, to evaluate its impact on the Arab social structure in the countries of the Peninsula; and lastly, to analyze the general attitude of the concerned governments with respect to this particularly acute problem.<sup>1</sup>

A. Origin and Nature of the Immigration

Migratory movements have originated on the Arabian Peninsula for almost 14 centuries. Ever since the birth of Islam, in fact, Arab populations have swept in successive waves toward territories opened up by conquest, settling originally on the rich lands of the Fertile Crescent and subsequently in more distant countries. These movements together constitute the long history of the spread of the Muslim faith, an expansion that continued despite several interruptions during which the world saw Islam evolve--with the development of the Umayyad and Abbasid empires--from a purely Arab dimension to a multi-national dimension.<sup>2</sup> Less important, to be sure, but worthy of note nonetheless is the fact that the population migrations between the 11th and 19th centuries have also left traces that are still visible today.

The beginning of the 20th century marked first the halt, and then the reversal, of this migratory current. According to Paul Bonnenfant several factors help to explain this phenomenon.<sup>3</sup>

1. The forced sedentation of the Bedouins. Until the ascension to power of the king 'Abd al-'Aziz, Bedouin life merely followed the regular cycle of concentration and dispersion of the various tribes in accordance with the need to seek a supply of water and pasture for their herds. Beginning in 1910 the policy of sedentation practiced by the Saudi monarch, together with the ensuing establishment of peace, marked the first time the traditional population movements had been curbed.

2. The emergence of political boundaries. Immediately following the first world war new political boundaries appeared that had been drawn in an arbitrary manner, often to the detriment of the populations which they had the effect of separating. In particular, these boundaries severed the route used by the tribes to travel between the northern part of the Peninsula and the Fertile Crescent.<sup>4</sup>

3. Creation of the state of Israel. This event--which took place in 1948--and the conflicts that derived from it in 1956, 1967 and 1973 caused a massive population displacement involving almost 1 million persons. Many of these refugees migrated toward the Arabian Peninsula, thus reversing for the first time the migratory movement in the direction of the countries of the Gulf.<sup>5</sup>

4. Petroleum. The discovery of petroleum, and its intensive exploitation after 1945, resulted in a growth of the economy of the oil-producing Arab states so rapid that these resources and the related possibilities for investment have constituted--for these underpopulated countries--a focus of attraction that has brought in tens of thousands of foreign workers.<sup>6</sup>

Taken together, these factors have had the effect of making international migrations one of the dominant characteristics of the contemporary Middle East and especially of the countries that border the Arabo-Persian Gulf.

Calculation of the exact numbers of immigrant labor currently residing on the Arabian Peninsula poses real difficulties, because in some of these countries the statistical data bearing on this specific problem are nonexistent, kept secret, or intentionally distorted. The figures appearing in the present study should therefore be viewed as estimates, in some cases even as very rough estimates. Of greater importance are the overall percentages that are obtained, for regardless of the disputes among experts these figures are on a scale sufficiently large to elucidate the most minute problems.

Indeed, these difficulties begin to appear as soon as one attempts to make an analysis of the composition of the population of the countries of the Gulf. A distinction must in fact be made between those elements of the population who have merely emigrated within the group of states of the Peninsula itself, on the one hand, and those elements who have come from more distant countries. Moreover, certain national leaders--invoking the concept of an "Arab Nation"--reject the application of the term "alien" to designate workers who have come from other Arab countries to reside among

them. Lastly, these workers are called "guest workers," which implies that their presence in the host countries is only temporary--something that remains to be proven.

It therefore would seem more precise to speak here of "non-nationals," that is to say, of persons who do not hold citizenship in the country wherein they currently reside. One can accordingly assume that of a total population in excess of 11 million in these host countries, approximately 3.5 million are "non-nationals." The latter thus represent 30 percent of the population of the Arabian Peninsula.

The distribution of the "non-nationals" throughout this territory is very uneven. In some of the countries bordering the Gulf the proportion of non-nationals is very high: 75 percent of the population in the United Arab Emirates [UAE] and also in Qatar, and more than 50 percent in Kuwait. In Bahrein, on the other hand, immigrants represent only 20 percent of the population. Saudi Arabia alone has more than 1 million Yemenite workers resident on its soil.<sup>7</sup>

More than 30 different nationalities are thus represented in the countries of the Gulf: the immigrants come from Yemen, Palestine, Syria, Egypt, Lebanon, Somalia, Iran, Sudan, Ethiopia, Pakistan, India, Indonesia, Taiwan, Bangladesh, South Korea, Japan, Greece, Western Europe and North America, among others.

It is not, we repeat, a question of debating the correctness of the figures presented, or the modalities of residence of a given category of immigrant workers, but rather of placing the emphasis on a situation that is extremely delicate for those states which are obliged to undergo this kind of foreign pressure.

Two of the countries of the Arabian Peninsula alone "supply" a large labor force: North Yemen and (to a lesser extent) Oman. By themselves these two countries have sent a total of approximately 1.5 million workers to the neighboring countries, and this figure represents 45 percent of the total of "non-nationals" mentioned above.

The other immigrant workers, therefore, come from countries that are situated outside the Arabian Peninsula in four different geographic zones, as follows:

1. A zone situated immediately to the north of the Peninsula, comprising the Arab states of the Near East (Syria, Lebanon, Jordan and Iraq) and Palestine; and farther to the east, Iran.
2. A concentric zone enclosing the Arabian Peninsula: to the west, Egypt, the Sudan, Ethiopia and Somalia; and to the east, Pakistan and India.
3. An excentric zone to the east, comprising Indonesia, Thailand and Malaysia, and still further to the east, South Korea and Japan.

4. A zone comprising the industrialized countries of the Western world: the United States of America and Europe.<sup>8</sup>

Two principal sources of manpower can accordingly be distinguished: an Arab source and a non-Arab source, the latter being further divisible into a non-Arab Muslim source and a non-Muslim source. This type of classification takes on special importance when one examines the skills offered by the immigrants of each of the aforementioned zones:

a. The countries of the Arab Near East supply personnel mainly for the various sectors of the liberal professions, education, public health, upper-level public administration, and a number of confidential positions. Palestinians, Jordanians, Syrians and Egyptians hold some of the most important posts in the cabinet ministries. The Lebanese, on the other hand, are more inclined toward the field of private business management.

b. The countries of the African Horn, for their part, constitute a reservoir of workers for the tertiary sector: public employees, small tradesmen, and domestics.

Although a minority of Indians and Pakistanis offer high-level skills (some even serve in the various national armed forces), the great majority of the immigrant workers from the Indian subcontinent have no special skills, and in fact they make up the bulk of the clandestine labor force.

c. The countries of Southeast Asia supply semiskilled and unskilled labor which is used primarily in public works and construction. There is one exception, however, and it is noteworthy because of its increasing importance: the South Korean workers, who are universally appreciated because of their competence and efficiency.

d. Lastly, the United States of America and Europe send for the most part highly skilled cadres and technicians who occupy a completely distinct status within the overall spectrum of the foreign-national populations.

What emerges, therefore, is a rather clear-cut distribution of professional and vocational activities that is structured on the basis of the geographic, ethnic or religious origins of the workers who are brought into the labor market of these countries of the Arabian Peninsula.<sup>9</sup> Such a distribution--which is ultimately hierarchized in the extreme--serves to underscore the extraordinarily broad range of points of view and motivations that inspire this alien population.

#### The Effects of the Immigration

The most striking effect--most striking because it is the most immediate--is the effect produced on these national economies. This point is well understood,<sup>10</sup> however, and we shall therefore omit economic figures and statistics and instead emphasize the indirect consequences that derive from the presence of a large alien labor force.

One must first of all emphasize the cleavages that exist among the various categories of employment. This multinational employment scene is highly hierarchized, and the division of labor often corresponds to differences in geographic or social origin. One finds, for example, that the top posts are held by members of the ruling families; the highest-level technical positions are allocated to children of upper class families many of whom have been educated in Western universities; and the supervisory and titular administrative positions are given to nationals, backed up by "non-nationals" who perform the actual managerial functions. At all levels of the agricultural, administrative, commercial and industrial structure of these countries, "non-nationals" hold the posts which perform the real executive function.<sup>11</sup>

This situation carries with it a subtle danger: the fact that the nationals of these countries are failing to grapple with their own problems because of a lack either of technical competence or of a desire to solve them. Even today certain leaders of these countries are apparently still reluctant to take into account the concrete realities of this problem. A study made in 1978 for the ILO was already placing emphasis on the problem.<sup>12</sup>

"Quite a few sectors of the Arab society of the Gulf," this study says, "have become so wealthy that the need for working in order to achieve this wealth does not arise among them, due to the very fact that they have become wealthy beyond their wildest dreams without having had to make the slightest physical effort. Under these circumstances it is understandable that they have no inclination to work. They do not think in terms of salaries and labor.

"Although they have acquired a genuine awareness of the problems posed by the labor shortage in their respective countries," the report continues, "none of the governments of the Gulf countries has made any conspicuous effort to encourage its nationals to enter those sectors of the national economy in which the native population is least represented. In particular, no encouragement has been offered to their nationals to induce them to enter the sector that is by far the most sensitive of all: that of the formation and development of the industrial infrastructure."

What has happened, in fact, is apparently the exact opposite. Some of these countries have created jobs in the public sector for their own nationals, but these jobs are by definition unproductive. The clear result is--we repeat--the reinforcement of the dependence of these countries on an alien labor force and the absence of any motivation to work on the part of a population that is already well provided for.<sup>13</sup>

This situation--which is already a matter for concern at the economic level--is becoming equally serious at the social and political level. In fact, the economic growth that the Arabian Peninsula has experienced and continues to experience has inevitably produced major repercussions at these two levels.

New social groups have emerged and have interposed themselves between the hierarchized classes of traditional Arab society: groups such as engineers, officers, scientists, lawyers, businessmen, technicians of every level, and specialized workers. A new intelligentsia has simultaneously been created, together with new currents of thought.

Urbanization has reached substantial levels, in some cases verging on 90 percent, and the principalities of the Arabian Gulf [sic] are now numbered among the most highly urbanized countries in the world. Two-thirds of this extraordinary growth, however, is due to these migratory movements.<sup>14</sup> In no other region of the Arab world has foreign immigration changed the composition of the urban population so rapidly.

The urbanization plans, educational programs, wage scales, civil rights and social rights, however, pertain almost exclusively to the nationals of these countries and serve to create a gulf between them and their "guest workers." The presence of thousands of men who are separated from their families, are deprived of women, enjoy not even a minimum level of comforts, and cannot benefit from any of the advantages offered by the host countries for which they are working has not failed to pose serious problems that had previously been unknown.<sup>15</sup> The majority of the social movements of recent years have been initiated in the non-Arab worker communities: Pakistanis in Dubayy in 1977; Indians in Bahrain in 1974 and in Oman in 1978; Turks and Pakistanis in Saudi Arabia in 1976; and Koreans in Jubayl in 1977.<sup>16</sup>

Such actions may well occur again and paralyze all or part of an economic sector that is vital to a given country; and because the working masses are increasingly well organized they may well, one day, become the focus of political agitation or harbor the germ of some kind of revolution.

#### C. Attitude of the Governments Toward the Immigration

In the face of the increasing seriousness of these unsettled conditions, the governments of the Arabian Peninsula have maintained a very timorous posture. This posture is manifest in connection with the limitations imposed on the multitude of immigrants, with the assimilation of foreign workers already employed in their national economies, and with the vocational training of their own nationals.

To cope with the uninterrupted increase in the immigrant labor force, some of these governments have adopted a number of more or less effective measures including a limitation on the number of entry visas issued, strict contracts governing the duration of stay in the host country, a requirement that foreign companies maintain a stipulated minimum of Arab nationals in their respective labor forces, and a requirement that any troublemaker--and quite simply any alien who has entered the country illegally--be expelled at once.<sup>17</sup>

We have also seen that the countries of the Arabian Gulf have attempted to be selective in seeking their foreign labor force, making a distinction as to Arab, non-Arab, Muslim and non-Muslim. The selection, however, is not so simple: on the one hand, the professional or vocational skills sought are not always obtainable in the desired category, while on the other hand the cost of this manpower varies widely. The cost is considerably reduced if the recruitment is directed toward the countries of the Indian sub-continent or Southeast Asia.<sup>10</sup>

A new type of dialog has, it is true, arisen between the labor-recruiting countries and the labor-supplying countries. This dialog has become necessary in order to establish precisely the qualifications--and rate of residence--of a labor force whose numbers are constantly increasing. South Korea and India have accordingly created agencies that are charged specifically with filling the needs of the Arab countries seeking manpower. In Korea the KODCO [Korean Overseas Development Corporation] has developed a plan for the dispatch of 250,000 skilled workers during the next 4 years. In Bombay the Turner Morrison company is the exclusive agent for supplying technicians to the United Arab Emirates, Oman and Kuwait.<sup>11</sup>

It must be recognized, however, that these limited efforts to organize the immigration process in no way hinder the clandestine immigration that flourishes in proportions which all the local authorities describe as "alarming." The clandestine workers mainly arrive on the east coast of the Arabian Peninsula aboard ships of fortune that come mostly from Iranian Baluchistan, Pakistani Baluchistan and the west coast of India. Another source of clandestine immigration is incontestably the Mecca pilgrimage, which each year brings more than 700,000 foreign nationals to the holy places of Islam, and a not inconsiderable proportion of this total attempts to remain on the Arabian Peninsula.<sup>12</sup>

National policies vary with respect to the immigrant workers who are already established in the respective Gulf countries, although they are uniformly characterized by a lack of eagerness to assimilate alien populations some of which have resided on their territory for years. The recruiting countries have spared themselves the expense of the collective facilities that would have been necessary in order to admit the workers' families: housing, dispensaries, social services, and so forth.

The real problem is that of the laws relating to labor and citizenship. The fact is that no labor union is tolerated, and the right to strike is denied almost everywhere. Social conflicts must be resolved by arbitration insofar as possible. Work permits are generally granted for a period of 1 year, but neither hiring nor dismissal is covered by any guarantees. There is nothing to encourage the integration of the foreign nationals; a sponsor is everywhere a prerequisite for residence on the national territory, and foreign nationals do not have the right to be represented in any legal jurisdiction, be it professional, political or municipal.

For the local authorities, therefore, it would appear to be a question of absorbing as well as possible those individuals who--they believe--will not remain in their country indefinitely. Although the employer countries would have the financial resources to ameliorate the living conditions of the foreign workers, they would first have to resolve the problems posed by their own nationals who are displeased when they see immigrants benefiting from a part of the nation's riches. Not even the humanitarian or religious arguments used, such as the age-old tradition of hospitality or the right to a dignified existence, prevent some nationals from speaking out in opposition to the "intolerable" presence (as they put it) of such a mass of foreigners. These nationals even go so far as to demand the total "nationalization" of certain sectors of the economy, that is to say, reassumption of those responsibilities attendant on managing and exploiting their own resources.

To do so, however, the concerned authorities would have had to develop rational plans. We have pointed out that nationals have too often been assigned to positions for the responsibilities of which they had no specific training. Although some are exceptions to the rule and their skills and competence must be acknowledged, they are still too few in number to hold "key posts" in the national economies or national administrations.

It seems clear that the action henceforth should be carried out in two basic areas: the vocational training of the adults and the education of the youth. Turning certain sectors of the economy over to the national cadres would involve extensive programs of specialized training in first-class technological institutes. Some countries have already authorized substantial budgets to get such programs under way but are currently stymied by a critical lack of infrastructures and by the absence of competent staffs of instructors.<sup>21</sup>

To the extent that it is still based on the European model (which is traditionally oriented toward the intellectual disciplines), the educational system, too, must be completely recast. There is almost no technical education in the schools, and the students too often pursue orientations that have nothing to do with the requirements of the exceptional situation which prevails in their countries. A radical reform is therefore necessary if one wishes to have a new generation of nationals on the scene tomorrow to take over from the foreign nationals who will have returned--or will have been returned--to their countries of origin.

The dilemma facing the countries of the Arabian Peninsula today is a serious matter. Because of their demographic deficiency the petroleum-producing countries of the area will always need managerial personnel and a labor force to carry out their economic development programs successfully.

This influx of foreign workers, however, poses a fundamental problem for these countries: that of their very identity. This identity is in fact threatened from outside as well as from within their borders--from outside, by the influence of Western and Eastern managers and experts who bring

with them a life style and culture which are viewed as not very compatible with the Islamic traditions to which the authorities and Arab society are as a whole very attached, and from within, by the insidious threat represented by the damage that an Arab immigration--difficult to reject--could inflict on the sovereignty of each of these countries.

The concerned governments must therefore take urgent measures--not individually, as a function of their own interests, but on a regional scale--to unify their policies. A decision to encourage the assimilation of a certain number of immigrants is desirable, and it is equally necessary to revise the laws concerning labor by women, vocational training, and technical education in the schools.

The primary tool of the national leaders should be realism--the essential condition for the undertaking of reforms. The use of this tool starts with publication of the factual data concerning the immigration situation in each of these countries, followed by a firm decision to alter certain habits which today conflict with the vital interests of the concerned states, and finally by the actual takeover of the key posts in the various sectors of political and economic life and by the maintenance of national identity in the face of the "aggressions" of the outside world.

This is the price that must be paid--it is the only way--if the countries of the Arabian Peninsula are successfully to meet the challenges of the future.

#### FOOTNOTES

1. This study will intentionally be limited to the Arabian Peninsula, for in Iraq and in Iran immigration takes place in a context that is quite different from the more specific context that prevails in Saudi Arabia and the emirates of the Gulf.
2. Concerning the Arab emigration (7th-11th centuries), see also article by W. Caskel, "Al 'Arab," in "Encyclopédie de l'Islam" [Encyclopedia of Islam], Vol 1; R. Mantran, "L'expansion musulmane" [The Muslim Expansion], Paris, Presses universitaires de France, 1969.
3. P. Bonnenfant, "The Evolution of Bedouin Life in Central Arabia," REVUE DE L'OCCIDENT MUSULMAN ET DE LA MEDITERRANEE, Aix en Provence, No 23, 1977.
4. The borders between Iraq, Jordania and Saudi Arabia are a perfect example of a purely artificial partitioning of territory.
5. Statistics concerning the distribution of Palestinians throughout the world must be evaluated with caution. The UN in fact counts only those Palestinians who are entered in the registers of UNRWA, that is to say, the residents of the camps in Lebanon, the Gaza Strip and the West Bank.

6. J. Marlowe, "The Persian Gulf in the Twentieth Century," London, Crest, 1962.
7. The proportion of "non-nationals" in the respective Gulf countries is as follows: Saudi Arabia, 40 percent; Bahrain, 16 percent; UAE, 75 percent; Kuwait, 54 percent; Qatar, 75 percent; Oman, 30 percent.
8. The foreign presence on the Arabian peninsula can be estimated at approximately 3 million residents. The principal "non-nationals" are as follows: of Arab origin (Yemeni, 1 million; Egyptians, 270,000; Palestinians, 520,000; Lebanese, 85,000; Sudanese, 170,000; Somali, 60,000); of Asian origin (Indo-Pakistanis, 500,000; Bengalis, 40,000; Indonesians, 20,000; Koreans, 20,000); of Western origin (United States, 40,000; Great Britain, 13,000; France, Italy and Germany combined, less than 10,000).
9. See the following studies: Allan G. Hill, "Foreign Workers in the Countries of the Gulf," Paris, PUF, REVUE TIERS MONDE, No 69, January-March 1977; Abdelmagid M. Parrag, "Employment and Regional Cooperation," E/ECWA/ILO/WG 4/4, Beirut, May 1975.
10. We cite in this connection the following studies appearing in the MIDDLE EAST ECONOMIC DIGEST (MEED) SPECIAL REPORT: "Manpower and Recruitment," 27 June 1977; Fred Halliday, "The Middle East," April 1978, p 99; Andreas S. Gerakis and S. Thayanithy, Bulletin FMI (Washington), 11 September 1978.
11. Concerning the hierarchization of job categories see articles in the INTERNATIONAL HERALD TRIBUNE of February 1978 and December 1977; "Marches nouveaux" [New Markets], Kuwait, pp 18-20.
12. J.S. Birks and C.A. Sinclair, "Nature and Process of Labour Importing; the Arabian Gulf States of Kuwait, Bahrain, Qatar and the United Arab Emirates," WEP 2-26/WP 30, Geneva, ILO, August 1978.
13. Kevin Rafferty, "The Other Side of El Dorado," THE GUARDIAN, 13 November 1976.
14. Concerning urbanization problems in the Arab countries see MAGHREB-MACHREK, No 81, July-August-September 1978.
15. This subject has been analyzed in the MEED SPECIAL REPORT, op. cit., p V-VII.
16. Sources: INTERNATIONAL HERALD TRIBUNE, November 1977, February 1978; MEED, 6 May 1977.
17. For additional details see ILO Legislative Series: Saudi Arabia, Royal Decree No M/21 of 15 November 1969 (6 Ramadan 1389) containing Labor Code (1969-Ar.Sa.1); Bahrain, Princely Decree-Law No 23 of 16 June 1976

containing the promulgation of the private sector labor law, 1976-Bah.1; "Annuaire de la Chambre de Commerce Franco-Arabe" [Yearbook of the Franco-Arab Chamber of Commerce], 1978.

18. This question is particularly difficult to elucidate, for although the salaries of the civil service are known those of the private sector remain at best elusive and inaccessible.

19. MEED SPECIAL REPORT, op. cit., p III.

20. Total number of pilgrims, years 1975-1977:

1975: 1,557,867, of which total 894,573 came from abroad.

1976: 1,456,432, of which total 719,040 came from abroad.

1977: 1,627,589, of which total 739,319 came from abroad.

It can be assumed that from 3 to 5 percent of these alien pilgrims remain in Saudi Arabia after the pilgrimage.

21. See "Manpower and Employment in the Arab Countries: Some Critical Issues," pp 225-226, ILO/ECWA Seminar, Beirut, May 1975, Geneva, ILO.

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5. "The Contemporary Middle East," GUIDE DE RECHERCHES, no 6, Paris, Presses de la Fondation des Sciences Politiques, 1975.
6. Russell A. Stone, "OPEC and the Middle East. The Impact of Oil on Societal Development," New York, Praeger, 1977.
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9. Thierry de Montbrial: "L'energie; le compte à rebours" [Energy: the Reversed Account], Paris, J. C. Lattes, 1978.
10. "Encyclopédie de l'Islam" [Encyclopedia of Islam], 2nd edition.
11. "Population Bulletin of the United Nations Economic Commission for Western Asia," Beirut, No 6, 1974; No 9, 1975; Nos 10-11, 1976.
12. "Seminaire franco-arabe sur la formation professionnelle des adultes" [Franco-Arab Seminar on the Vocational Training of Adults] (16-19 June 1975), Paris, Franco-Arab Chamber of Commerce.
13. Second Franco-Iranian Colloquium (26-27 February 1977) on "The Persian Gulf and the Indian Ocean," University of Teheran, Center for Higher International Studies, September 1977.
14. ILO Working Paper 15: A Preliminary Assessment of the Labour Movement in the Arab Region: Background, Perspectives and Project," by J. S. Birks and C. S. Sinclair, Geneva, October 1977.
15. ILO: "Role of the Employer Organizations in the Arab Countries" (Alexandria Round Table, 16-22 October 1976), "Serie relations professionnelles" [Professional Relations Series] No 54, Geneva, 1976.
16. ILO: "Manpower and Employment in Arab Countries: Some Critical Issues" (Beirut Colloquium, May 1975), Geneva, 1976.
17. ILO: "Documents de la Serie législative" [Documents of the Legislative Series]: Saudi Arabia 1/1969; Bahrain 1/1976.
18. ILO: "Year Book of Labour Statistics," 1977.
19. ILO: "Labour Force 1950-2000," Vol 1 (Asia), 1977.

Table 1

Estimate of the Non-Bahraini Population  
of Bahrain in 1971 and 1976

Nationality	1971		1976	
	Total	Active	Total	Active
Saudi Arabia	1,332	567	1,389	591
Qatar	145	52	281	100
Kuwait	41	9	345	76
Oman	10,785	8,644	654	524
UAE	770	497	671	433
Iraq	83	36	119	52
Jordan/Palestine	1,338	554	1,291	585
Lebanon	280	127	NR*	NR
Syria	52	17	316	103
Egypt	597	257	3,558	1,558
Other Arabs	1,557	1,370	2,721	2,348
Iran	5,097	2,592	2,961	1,507
India	6,657	3,789	23,199	13,200
Pakistan	5,377	2,170	22,814	9,216
Other Asian	180	133	4,597	3,398
Africa	47	36	NR*	NR
Great Britain	2,901	1,234	10,602	4,505
Europe	301	132	1,381	606
USA	272	113	1,961	813
Miscellaneous	52	22	330	139
 -----				
Total	37,854	22,351	79,192	39,754

\* NR: not reported

Source: J. S. Birks, C. A. Sinclair, "Nature and Process of Labour Importing: the Arabian Gulf States of Kuwait, Bahrain, Qatar and the United Arab Emirates," Geneva, ILO, WEP 2-26/WP 30, August 1978.

Table 2

## Evolution of the Active Population of Kuwait From 1957 to 1975

	1957	1965	1970	1975
Foreign population	83,548	247,280	391,266	522,547
Active foreign population	65,686	141,279	176,828	211,444
Percentage	66.7 %	57.1 %	45.2 %	40.5 %
Kuwaiti population	107,246	220,059	347,396	472,088
Active Kuwaiti population	24,602	43,018	65,369	86,971
Percentage	22.9 %	19.5 %	18.8 %	18.4 %
Total population	190,794	467,339	738,662	994,837
Total active population	80,288	184,297	242,197	298,415
Percentage	42.1 %	39.4 %	32.8 %	30.0 %

Source: 1975 Census, Planning Board.

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SHAYKH AL THANI INTERVIEWED ON FINANCE POLICY

Paris LE NOUVEL ECONOMISTE in French 22 Oct 79 pp 52-53

[Interview with Minister of Finance and Oil Shaykh 'Abd al-'Aziz ibn Khalifa Al Thani in Doha--date not given]

[Text] Doha, Qatar: In his air-conditioned office looking out over the tankers at anchor on the Persian Gulf, the white-robed son of the emir, Shaykh 'Abd al-'Aziz Al Thani, minister of oil and finance, his computer terminal close at hand and his accent betraying his American "business-school" background, answered the questions put to him by the reporter from the NOUVEL ECONOMISTE concerning oil (at 100,000 barrels a day, he controls the equivalent of three percent of the total supply of France), the dollar, gold and the Euro-Arab dialog. His answers contrast remarkably with those given a week earlier by his cousin, Shaykh 'Ali Jaydah, the director of the Qatar Petroleum Corporation, proposing the abandonment of the dollar as standard currency, in favor of a "basket" of 12 currencies.

[Question] Are you going to follow the lead of Kuwait in raising the price of oil again by 10 percent?

[Answer] I am not saying that we will not raise it before the next OPEC summit conference, to be held in Caracas in mid-December. But for the moment we do not intend to do so. Moreover, we are selling our best quality crude at only \$21.42 a barrel, whereas the fixed ceiling for OPEC oil is \$23.50. Our long-term interest lies in price stabilization. Do not forget that we are buying many products and plants from you cash down; we do not want to import your inflation along with them.

The oil companies are responsible for the present rocketing of prices. They are buying our crude oil at \$21.42 and reselling it on the "spot" markets of Rotterdam, New York and Japan at \$35.00 or \$40.00. This practice must stop: we have no need of such "sponsors"!

[Question] Have you lost a great deal of money on your sales since the fall of the dollar?

[Answer] Yes indeed. For this reason we congratulate Carter on his stabilization plan. For us the dollar remains the most suitable commercial currency. After all, the high rates of interest charged to our dollar investments today compensate us in part for its disintegration. But I do not reject the concept formulated by Saudi Arabia in 1974--of replacing the dollar with a "basket" of 12 currencies. Even in that eventuality, however, the dollar would maintain a key role.

[Question] Did you not play a major role in the gold crisis? It is said that 10 percent of your financial potential was invested in gold. With such a huge sum, one might direct the speculation . . . ?

[Answer] Neither singly nor as a group have the OPEC nations ever played such a game. Of course part of our reserves are in gold. But we also have Swiss francs, German marks and yen.

[Question] What do you hope from the Euro-Arab dialog?

[Answer] It is in our best interests, and we thank President Giscard d'Estaing for having worked to promote it. We guarantee the security of the European oil supply, but in exchange we want Europe to struggle against inflation.

We need technological exchanges, "joint ventures" with your own enterprises. Therefore, when one of them with which we are negotiating a cash contract gives us notice that if we wait even a month before signing, the price will go up by 20 percent, this seems intolerable to us.

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## BRIEFS

FERTILIZER COMPANY PRODUCTION--The Qatar Fertiliser Company SAQ (QAFCO) pushed production of ammonia up to 201,090 tonnes in 1978 and output of urea was 255,576 tonnes, according to the company. Both figures represent a substantial increase over production in 1977, when 127,700 tonnes of ammonia and 165,500 tonnes of urea were produced. The directors of the company, on whose board the Qatar General Petroleum Company, Norsk Hydro and Hambros Bank Ltd are represented, said QAFCO achieved 84 per cent utilisation of the designed capacity of its ammonia plant and 96 per cent of designed capacity for urea manufacturing in 1978. This was despite compressor troubles in April and a gas shutdown which lasted for 11 days. The company's exports of ammonia were down slightly from 54,000 tonnes in 1977 to 50,000 tonnes in 1978 but exports of urea almost tripled to 296,000 tonnes in 1978 from 114,000 tonnes the previous year. New plants intended to double capacity of both chemicals had been planned to go on stream in the spring of 1979 but are now not expected to begin production until 1980, according to a report from Doha. After allowing for depreciation and allocations, the company reported a profit of Qatari Rials 3,617,610 (\$969,000) on sales of QR 158,347,326 (\$42.4 million) in 1978. This compared with a loss of QR 31,147,354 (\$8.34 million) on sales of QR 64,794,839 (\$17.36 million) the previous year. Profit before allowance for depreciation and allocations was QR 47,455,439 (\$12.71 million) in 1978. The company had short term loans outstanding at the end of 1978 of QR 114.8 million (\$30.7 million) and long term loans totaling QR 844.5 million (\$226.3 million). Debts falling due in 1980 amount to QR 140 million (\$37.5 million). [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 29 Oct 79 p 3]

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SAUDI ARABIA

CONFLICT REPORTED BETWEEN INFORMATION OIL MINISTERS

Paris AN-NAHAR ARAB REPORT & MEMO in English 29 Oct 79 p 9

[Text] Yamani vs Yamani?

Last week saw Saudi Arabia's two Yamans Oil Minister Sheikh Ahmed Zaki Yamani and Information Minister Sheikh Mohammed Abdo Yamani apparently speaking at cross purposes. Sheikh Ahmed, aiming his words at a Western audience of oil consumers, revealed that a split existed inside the Saudi Arabian government on oil prices and production levels which was being fuelled by a "Young Turk mafia" of technocrats who argued that the country could meet its budgetary obligations on an output of only 5 million b/d. Sheikh Mohammed promptly denied there was any split and described reports of what Sheikh Ahmed had said as a "fabrication." Whereupon, Sheikh Ahmed repeated his statement the next day.

What was behind this imbroglio? Of all Arab governments, the Saudi rulers play their cards closest to their chests. But it is no secret that there is a powerful party which thinks the country's regular production ceiling of 8.5 million b/d is too high, to say nothing of current output of about 9.5 million b/d. Sheikh Ahmed, by revealing opposition at home to his own pro-Western position, was almost certainly seeking to add emphasis to his repeated admonitions to consumers of oil to curb their appetites for this form of energy. In view of the almost unprecedented public revelation of differences inside the Saudi ruling elite, the sincerity of the Oil Minister's warning cannot be doubted.

Sheikh Mohammed's denial was clearly aimed at a domestic audience. Officially, the Saudi Arabian government is never split and, in one sense, the Information Minister was right. Important decisions derive from a consensus of a small group of princes and the king and are based upon the advice of experts. Often, however, no consensus can be reached and so no decision is taken. One notable example of this method of preserving unity was the failure of the princes to agree on the succession to the throne when King Khaled wanted to step down two years ago because of poor health.

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SAUDI ARABIA

BRIEFS

JAPANESE METHANOL PLANT--Five Japanese firms are to sign a 50-50 agreement with the Saudi Basic Industries Corporation (SABIC) to build a \$270 million methanol plant at the new industrial centre of al-Jubail, according to reports from Tokyo last week. The reports, which quoted industry sources, said the five trading houses--Mitsubishi Gas Chemical Company, Sumitomo Chemical Company Ltd, Mitsui Toatsu Chemicals Inc, Kyowa Gas Company and C Itoh & Company Ltd--were expected to be joined in the venture by the Japanese government's Overseas Economic Cooperation Fund. The fund would take a 40 percent interest in an investment firm being set up by the consortium for the project with a capital of Y3 billion (\$13 million) the reports said. The plant is to have an annual capacity of 600,000 tonnes and is due to be completed early in 1983. The reports said 85 percent of its output would be exported to Japan and Southeast Asia. [Text]  
[Paris AN-NAHAR ARAB REPORT & MEMO in English 5 Nov 79 pp 12-13]

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